

CLARK COUNTY
FINANCE COMMITTEE

FOURTH QUARTER, 2003



MARCH 22, 2004

CLARK COUNTY
FINANCE COMMITTEE
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SECTION I – NOVEMBER 20, 2003 MINUTES

REGULAR MEETING MINUTES

Clark County Finance Committee Meeting

November 20, 2003

11 a.m.

PSC Conference Room 243

Members in Attendance: Doug Lasher, Chair
Greg Kimsey, Secretary
Craig Pridemore, Commissioner

Others in Attendance: John Payne, Margie Edwards, Lori Pearce, Cathy Huber
Nickerson, Kathleen Smithline, Treasurer's Office

The meeting was called to order by Doug Lasher, Chair, at 11:10 a.m. with a quorum present.

APPROVAL OF MINUTES

MOTION was made by Greg Kimsey, seconded by Doug Lasher, and unanimously carried to approve the Minutes of August 19, 2003.

APPROVAL OF COUNTY FINANCE REPORT

Margie Edwards presented an overview of the third-quarter, 2003, County Finance Report, which included investment strategies, economic and market conditions, and a review of the portfolio as of September 30, 2003. The GDP growth came in at a 7.2% pace in third quarter, higher than expected and three times better than the second-quarter pace of 2.4%. The GDP measures all goods and services produced inside the United States.

Consumer confidence for September was 76.8 compared to 76.6 in June. Consumer confidence is compared to the base year of 1985 = 100. Since then, the high was in January of 2000 at nearly 145. The average is 116.0 and the low was in March of this year at 61.40 (911 was around 85).

The national unemployment rate was 6.1% at the end of the third quarter compared to 6.4% in June. An average jobless rate of 5.9% is predicted for 2004. The trade deficit remains wide with a devastating effect on manufacturing. Employment is now at 38 straight months of decline. As reported last quarter, consumers, who account for 2/3 of all economic activity in the U.S., continue to be the main force keeping the economy going. Housing starts/permits are at a 19-year high.

Clark County investment pool participants remain substantially unchanged from the prior quarter. On October 28, the open market committee held the benchmark overnight lending rate at a 45-year low of 1%. The county pool rate, on a book value return basis, yielded 1.85%. Committee members are openly stating that rates could remain low for an "undefined considerable period."

County Pool balances averaged \$524 million in the third quarter, compared to an average of \$501 million in 2002. The maturity of the pool portfolio is still heavily weighted on cash in order to stay liquid and poised to take advantage of rising interest rates **and** to meet December obligations.

The current investment strategy is to sell short-term Treasuries and invest in Washington State LGIP to increase short-term yields (we sold \$40 million in Treasuries that were about to mature); continue to utilize State LGIP for short-term investing until the interest rate outlook changes; target an average maturity of

seven – eight months; and increase callable agencies allocation to 10% to take advantage of relative value when compared to non-callable agencies.

John Payne reported that the Port of Vancouver is terminating their investment services with the County as of the end of the year. The Port is only 8% of the Pool, so the impact to the County will be marginal.

There was discussion regarding why the Fair's balance had increased at the end of September compared to 2002 since they had received \$238,000 from Quincunx in July of 2003. Some of the costs are attributed to the expenses of the master plan for the Expo center. Bronson Potter has stated that the Fair is not eligible to receive the other \$250,000 from Quincunx on which the Fair was originally relying. Also discussed was the fact that Fund 5093 on the line of credit has been very high. This was because there were not sufficient revenues to cover their expenses. The Auditor's Office, Budget Office, and Treasurer's Office need to discuss this further. The Treasurer's Office is in the process of writing a staff report for the interfund for the Fair for 2004. At that time, they will be requesting a cash flow analysis for 2004 to determine their needs.

MOTION was made by Craig Pridemore, seconded by Greg Kimsey, and unanimously carried to approve the County Finance Report for third-quarter, 2003.

PFM REPORT

Margie Edwards presented an overview of the County's investments for third quarter, 2003.

- Interest rates responded quite dramatically in the third quarter due to a number of economic releases showing the economy is strengthening. The yield on two-year Treasuries increased by 44 basis points in July before dropping back 28 basis points in September (a net increase of 16 basis points overall).
- The average maturity of the County's pool portfolio lengthened slightly from 8.0 to 8.5 months.
- The asset allocation of the portfolio changed slightly during the quarter as the County drew funds from the Washington LGIP. As of September 30, 2003, the pool still maintained nearly 47% in cash and cash-like investments.
- The County maintained a low exposure to credit risk.
- The portfolio remains highly liquid with a factor of 2.30, well within PFM's recommended range of 2 to 4.
- The total annualized return for the County pool portfolio was 1.43%, out performing the Merrill Lynch custom Treasury benchmark by 26 basis points (0.26%) annualized.

Investment Strategy Recommendations:

- Target an average maturity of seven to eight months in order to protect the portfolio from the possibility of a sudden increase in interest rates.
- Utilize the State LGIP and U.S. Bank for short-term investments.
- Sell short-term Treasuries with three to four-month maturities and invest in the Washington LGIP to take advantage of the higher yield.
- Maintain callable agency allocation by purchasing callable securities that have at least six months of call protection and two – four-year maturities embedded in their structure.

MOTION was made by Greg Kimsey, seconded by Craig Pridemore, and unanimously carried to accept the PFM Report as stated.

OUTSTANDING DEBT REPORT

Lori Pearce presented the County Debt Status Report as of September 30, 2003. At the end of the third quarter, 2003, the total outstanding debt of Clark County and its junior taxing districts totaled approximately \$825 million compared to \$824 million on June 30, 2003.

Extra Minutes Page

New Issues for 3rd Quarter:

- In July, 2003, Vancouver SD #37 issued \$18,670,000 in Unlimited Tax G.O. Refunding Bonds for refunding the callable portion of the outstanding Series 1995 Unlimited Tax G.O. Bonds.
- In July, 2003, Clark County entered into a Public Works Trust Fund Loan agreement for \$1,400,000 for construction of NW 117th/119th (NW 7th Avenue to NE Hazel Dell Avenue) of which only \$280,000 has been drawn down.
- In September, 2003, LaCenter SD #101 issued \$2,490,000 in Unlimited Tax G.O. Refunding Bonds for refunding the callable portion of the outstanding Series 1993 Unlimited Tax G.O. Refunding Bonds.
- In September, 2003, Vancouver SD #37 issued approximately \$12,850,000 in Unlimited Tax G.O. Refunding Bonds for refunding the callable portion of the outstanding series 1993 Unlimited Tax G.O. Bonds.

New Issues during 4th Quarter:

- In October, 2003, Clark County issued \$5,395,000 in Limited Tax G.O. Refunding Bonds for refunding the callable portion of the outstanding Series A and B 1996 Limited Tax G.O. Bonds.
- In October, 2003, Battle Ground SD #119 issued a \$2,500,000 Limited Tax G.O. Bond for certain roof, HVAC, and athletic field repairs to District facilities and other capital purposes.
- In November, 2003, Clark County issued a \$2,000,000 Limited Tax G.O. taxable line of credit to finance low-income housing projects.
- In November, 2003, Fire District #5 will issue approximately \$1,500,000 to finance the cost of acquiring the training center building they are currently leasing.
- John Payne indicated that there were two more new issues: \$5 million G.F. LOC and a \$10 million LOC Road Fund.
- Discussion followed – Lori Pearce is working on a cash flow analysis for the line of credit with reference to the \$200,000 from the Fair. It was noted that site management dollars are not being used for this. It was suggested that the Debt Report be sent to the Budget Office; however, it was noted that this is already being done.

OTHER

- Margie Edwards discussed the procedures that she takes in the daily processing of treasury management keeping in mind that PFM's recommendations need to be closely followed.

MOTION was made by Greg Kimsey, seconded by Craig Pridemore, and unanimously approved to adjourn the meeting.

Submitted by: _____
Greg Kimsey, Secretary

Prepared by: _____
Kathleen Smithline, Administrative Assistant

SECTION II - EXECUTIVE SUMMARY

This report provides a retroactive review of the activities occurring during the fourth quarter, 2003, in compliance with our Investment Policy and Standards adopted November 2002.

During the fourth quarter, the average maturity of the portfolio increased to approximately 8.6 months, compared to 8.5 months in the third quarter of 2003. The asset sector distribution of the portfolio changed slightly during the fourth quarter, with approximately 40% of the portfolio invested in Federal Agencies, 51% invested in money markets and 9% invested in U.S. Treasuries. This is compared with the third quarter of 2003's asset allocation of 41% of the portfolio invested in Federal Agencies, 47% invested in money markets and 12% invested in U.S. Treasuries. At the end of December 2003, the total book value of the portfolio was approximately \$478 million.

Residual balances for the fourth quarter averaged \$67 million monthly compared to a \$63 million monthly average in the fourth quarter of 2002. Interest earnings distributed to the County's General Fund during the fourth quarter of 2003 were \$321,281 compared to \$406,155 for the fourth quarter of 2002. The decrease is largely attributable to the reduction of interest revenue in October 2003, by approximately \$60,000, due to accruing interest from Quincunx's \$250,000 deposit made back in 1998. The interest was reclassified and used to offset Quincunx's rent expense for 2003 per the agreement between Clark County and Quincunx. The remainder is a result of lower interest rates and lower overall balances in county funds in 2003 compared to 2002. The average interest rate of the Clark County Investment Pool for the fourth quarter of 2003 was 1.85% compared to 2.55% in the fourth quarter of 2002. Interest earnings for the fourth quarter of 2003 were higher than our revised projections by approximately \$112,000.

County Pool balances averaged \$531 million in the fourth quarter of 2003, compared to an average of \$508 million in 2002. Interest earnings distributed to the County Pool participants for the fourth quarter of 2003 were \$2.5 million compared to \$3.4 million in the fourth quarter of 2002. Evergreen School District funds made up 27% of the County Pool. In the first quarter of 2003, Evergreen School District issued \$58,000,000 in bonds causing their overall percentage in the pool to increase substantially. Other major Pool participants include the County funds at 26%, Vancouver School District at 18%, Port of Vancouver at 7%, ESD 112, Camas School District and the Leichner Landfill reserves (Leichner) each at 3% and all other districts at 13%.

The annualized quarterly total return for the County Pool came in at 1.42% compared to the custom Treasury total return index of 1.14%. On a book value return basis, the County Pool rate yielded 1.69%, compared to the custom Treasury Index's book value return of 1.15%. The net asset value of the County Pool ended the quarter at 1.00029. An unrealized gain of approximately \$138,600 was distributed to the Clark County Pool participants for the fair market value adjustment at the end of December. In accordance with our investment policy, fair market value adjustments are made four times per year. The next adjustment will occur at the end of March.

Our current strategy is to utilize the U.S. Bank MIA and the State Pool for short-term investments until the interest rate outlook changes. In order to protect the portfolio from a sudden increase in interest rates, we will maintain a defensive posture by targeting an average maturity of seven to eight months. When interest rates on short-term money market securities increase above the State Pool and the U.S. Bank MIA account, we will ladder securities. Until that occurs, we will be investing in Federal Agency securities in the 2 to 4 year final maturity sector to maintain an average maturity in the portfolio of seven to eight months in accordance with PFM's barbell structured recommendation.

We are currently in the process of evaluating the monthly fee for pool participants. We will have a full breakdown in the next quarterly report.

SECTION III - 2003 YEAR-TO-DATE

INVESTMENT ACTIVITY:

During 2003, County residual principal balances averaged \$2.6 million less than the same period in 2002 on an average monthly basis. Actual monthly average 2003 County residual balances were under projections by approximately \$370,000 for the year as denoted in the chart below.

Date	2002 Residual Balance	2003 Residual Balance	2003 Projected Residual Balance
January	30,856,789	22,190,576	37,000,000
February	31,155,726	43,210,854	34,000,000
March	37,646,261	30,010,925	35,000,000
April	51,177,914	44,478,047	47,000,000
May	117,685,700	104,803,897	105,000,000
June	67,873,104	53,127,743	66,000,000
July	47,913,148	42,806,477	40,000,000
August	41,337,910	50,867,877	42,000,000
September	35,673,119	29,207,851	39,000,000
October	44,645,321	43,827,823	38,000,000
November	99,112,415	108,547,648	95,000,000
December	46,708,273	47,360,627	38,000,000
Average	54,315,473	51,703,362	51,333,333

Since 2001, the Fed has taken aggressive action by lowering interest rates 13 times, bringing the Fed funds short-term interest rate to a 45-year low of 1.00% by the end of December 2003. Actual fourth quarter interest earnings declined to approximately \$321,000 in 2003 from \$406,000 in 2002. As shown below, total interest earnings for the year declined approximately \$592,000 in 2003 compared to 2002, approximately \$683,000 less than projected.

Date	2002 Interest Earnings	2003 Interest Earnings	2003 Projected Interest Earnings
January	107,662	36,650	103,549
February	97,169	79,951	92,556
March	115,274	62,699	113,021
April	151,923	87,242	156,667
May	317,493	194,845	384,271
June	196,114	100,270	242,000
July	104,621	72,663	155,000
August	100,738	88,297	164,558
September	83,832	44,980	151,125
October	103,911	69,560	53,894
November	201,487	182,920	114,554
December	100,756	68,801	40,772
Total	1,680,981	1,088,878	1,771,967

Shown below, County Pool principal balances averaged nearly \$526 million for 2003, compared to \$501 million during 2002, approximately 5% higher.

Date	2002 Pool Average Balance	2003 Pool Average Balance
January	486,563,440	432,859,337
February	476,757,242	459,652,656
March	473,722,986	507,018,514
April	481,162,641	531,678,200
May	564,699,682	631,898,589
June	509,155,187	585,383,441
July	484,723,340	542,874,101
August	517,817,042	521,881,095
September	500,556,289	508,408,559
October	496,957,893	514,444,650
November	562,607,112	579,743,342
December	463,163,003	497,760,561
Average	501,490,488	526,133,587

The table below reflects County Pool earnings of approximately \$11.5 million in 2003, compared to \$16.2 million during the same period of 2002, resulting in decreased earnings of approximately 41%. This is due to the lower interest rate environment and lower residual cash balances in 2003 compared to 2002. The average Clark County Pool interest rate for 2003 was 2.15% compared to 3.19% in 2002.

Date	2002 Pool Interest Earnings	2003 Pool Interest Earnings
January	1,685,793	1,009,481
February	1,482,990	966,887
March	1,449,122	1,059,428
April	1,424,935	1,043,437
May	1,520,815	1,177,429
June	1,471,224	1,099,644
July	1,321,508	918,323
August	1,263,001	905,044
September	1,175,444	781,553
October	1,157,349	816,460
November	1,161,753	1,006,525
December	1,068,015	722,646
Total	16,181,949	11,506,857

Figure One shows the major participants in the Clark County Investment Pool for the fourth quarter of 2003. As of December 31, 2003, Evergreen School District made up 27% of the Pool, County funds – 26%, Vancouver School District – 18%, Port of Vancouver – 7%, ESD 112 – 3%, Camas School District and Leichner – 3% and all other districts – 13%. In the first quarter of 2003, Evergreen School District issued \$58,000,000 in bonds causing their overall percentage in the pool to increase substantially.

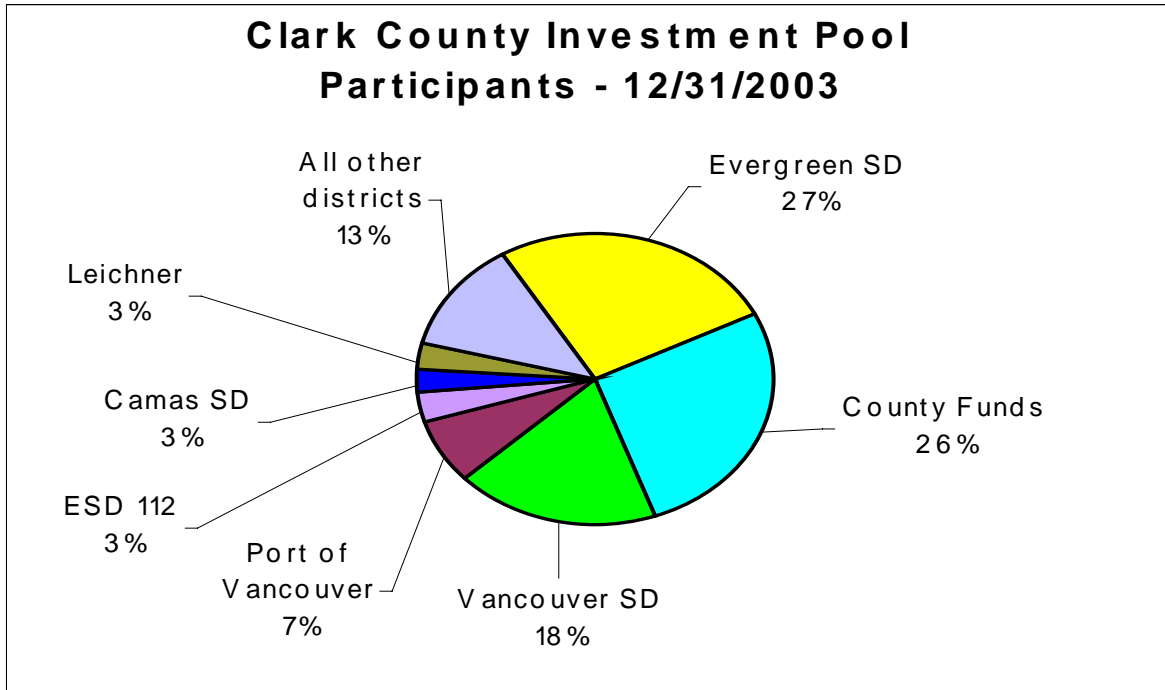


Figure 1

Figure Two shows month-end General Fund cash balances beginning with January 2002 through December 2003. For 2003, cash balances in the General Fund decreased below the same period in 2002 by a monthly average of approximately \$504,000. This is due primarily to the effects of the recent tax initiatives, capital projects and overall economic health of the County.

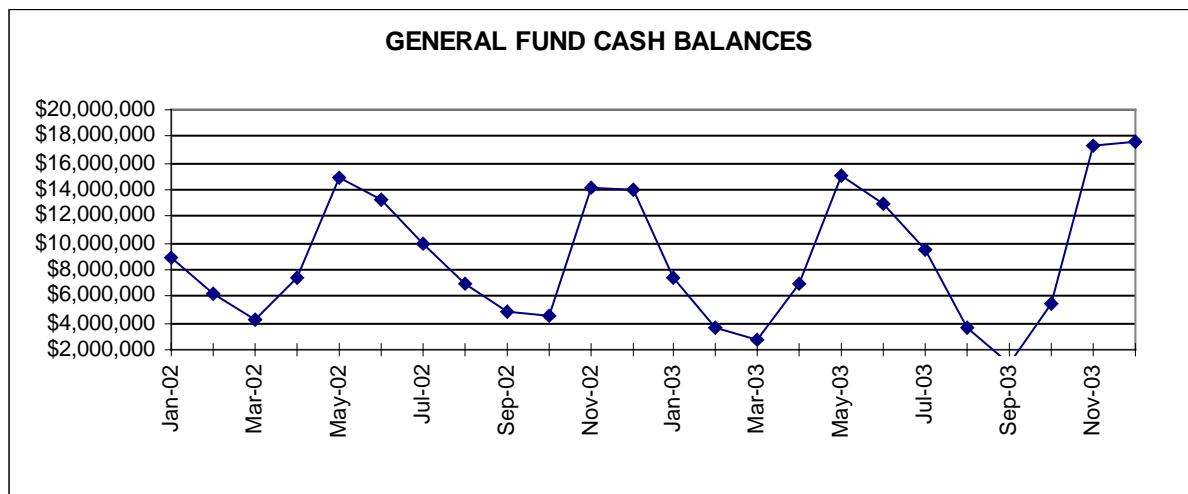


Figure 2

SECTION IV - QUARTERLY ACTIVITY

Figure Three reflects the average principal balances being maintained within the Pool in 2003. For the fourth quarter of 2003, the average monthly principal balance increased above the fourth quarter of 2002 levels by \$23 million.

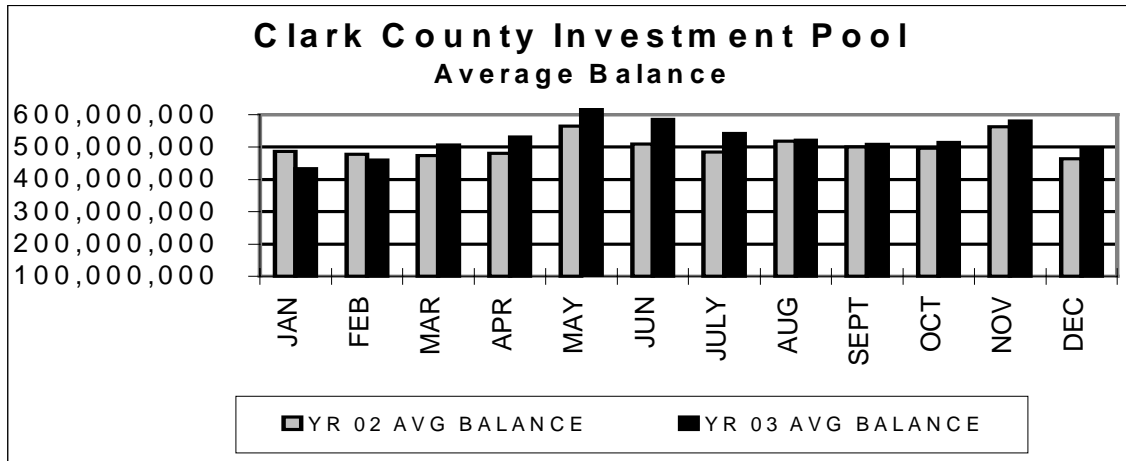


Figure 3

Figure Four reflects the actual monthly residual principal balances managed by the County for 2002 and 2003. Residual balances for the third quarter 2003 decreased below the third quarter of 2002 levels by an average of \$3.0 million per month due to lower growth in property tax revenues.

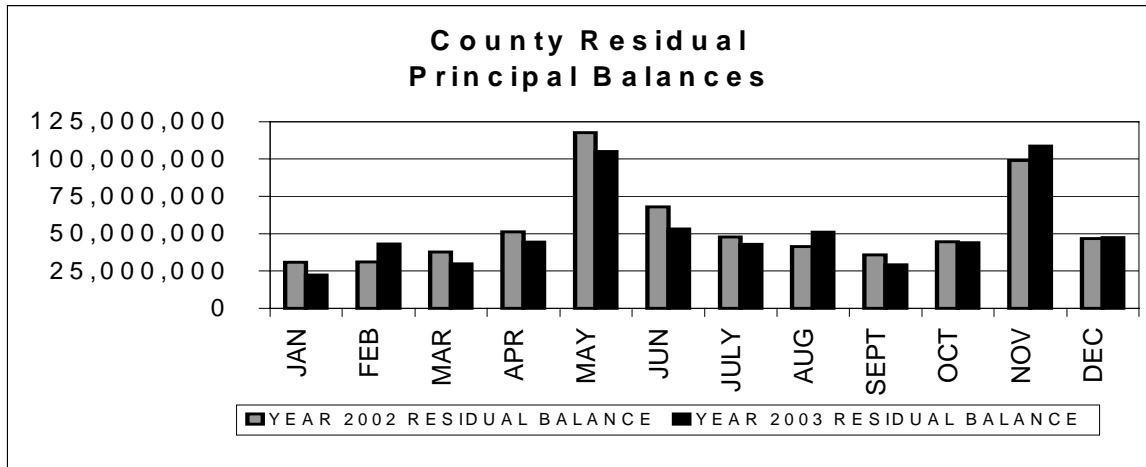


Figure 4

Figure Five shows interest earnings distributed each month to the County's General fund during 2002 and 2003. During the fourth quarter of 2003, interest earnings averaged \$28,000 less per month than during the same period in 2002. This is due to lower residual balances and lower interest rates in 2003. On an average monthly basis, \$135,000 was allocated to the General fund during fourth quarter of 2002. For the fourth quarter of 2003, an average of \$107,000 was distributed to the General fund per month.

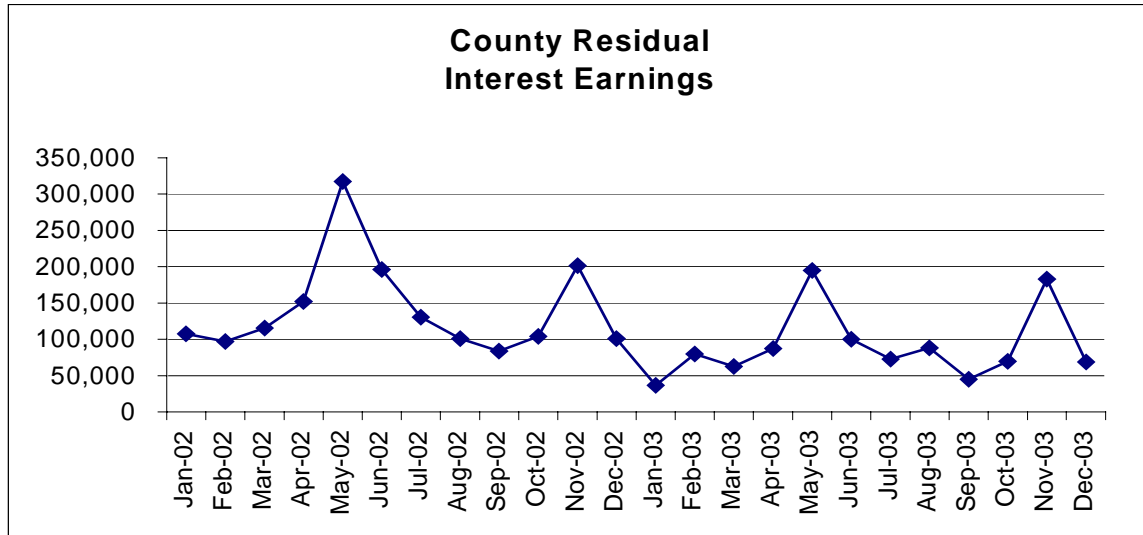


Figure 5

Figure Six shows the County Pool interest rates for 2002 and 2003. The County Pool's book value, gross interest rate at the end of December 2003 was 1.69%, compared to 2.51% on December 31, 2002.

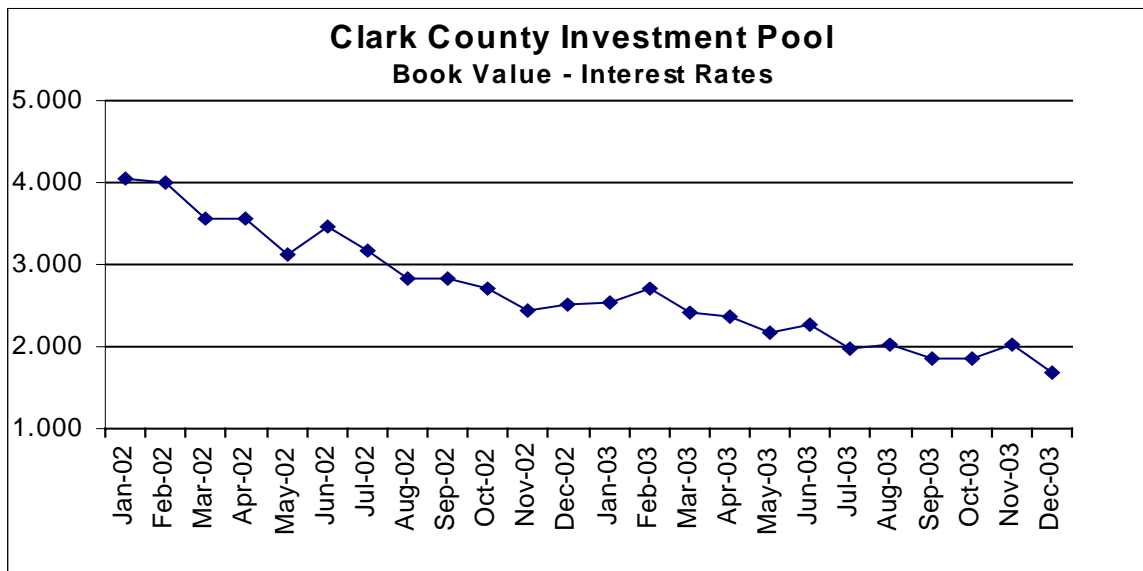


Figure 6

Figures 7 (a) and (b) compare performance on a book value return basis. The County Pool's interest rate is expressed as the net interest rate (the gross rate less the investment fee). The book value return of a portfolio measures the yield based on the yield of the securities at the time the securities are purchased. These performance benchmarks consist of a composite Treasury Index with an average maturity of nine months and the Washington State Local Government Investment Pool (LGIP) with an average maturity of approximately two months. The Clark County Investment Pool has an average maturity of approximately eight months. The Treasury Index and the LGIP closely track current interest rates. At the end of the fourth quarter, the County Pool's net rate, on a book value return basis was 1.69%, the Treasury Index was 1.15%, and the State Pool's net rate was 1.07%.

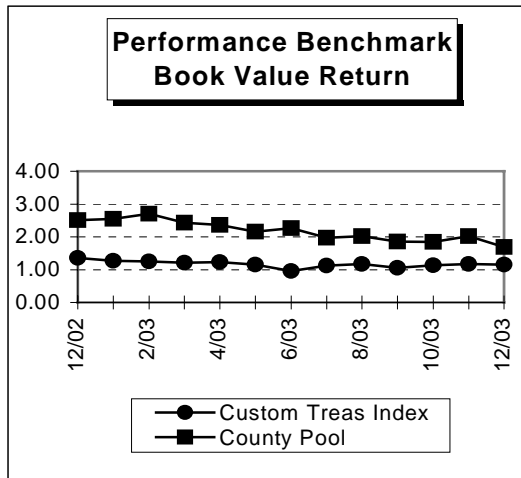


Figure 7(a)

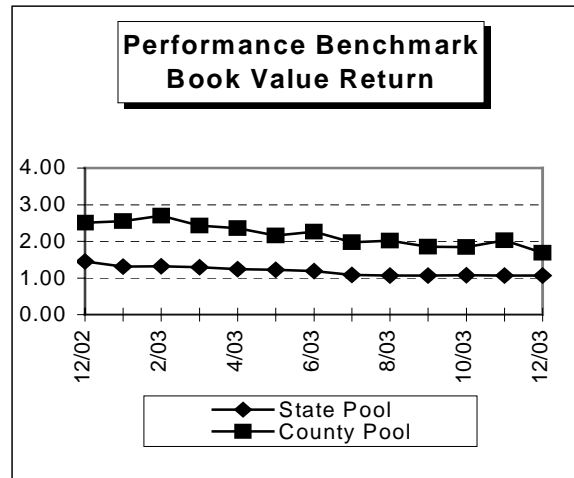


Figure 7(b)

Figure Eight compares performance on a total return basis. Total return measures the market value increase or decrease in the value of the portfolio over a given period of time and the interest earnings associated with the securities. The customized total return index consists of two Merrill Lynch U.S. Treasury Securities maturing from six months to one year. The annualized fourth quarter return for 2003 for the County Pool was 1.42% and the Treasury Index was 1.14%. Wide swings in return reflect the volatility in the investment markets. In addition, the custom Treasury total return index typically outperforms the County Pool as the average maturity of the Pool falls below nine months.

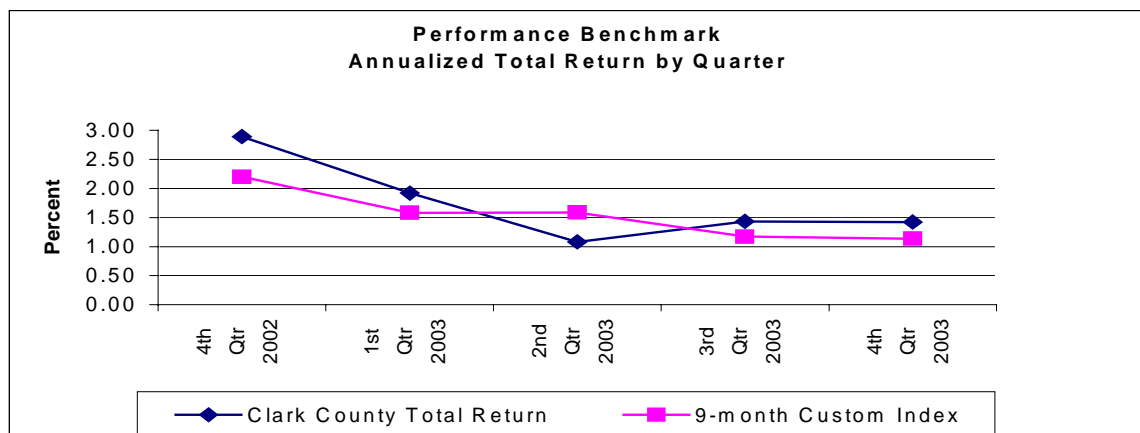


Figure 8

Figure Nine shows the market value of the Pool portfolio based on net asset value (NAV). As of December 2003, the NAV was 1.00029. GASB Statement 31 requires that External Investment Pools report all investments at fair market value, if the average maturity of the Pool exceeds 90 days. On December 31, 2003, the Treasurer's Office posted approximately \$138,500 in unrealized gains to the County Pool. The next adjustment for fair market value will occur on March 31, 2004.

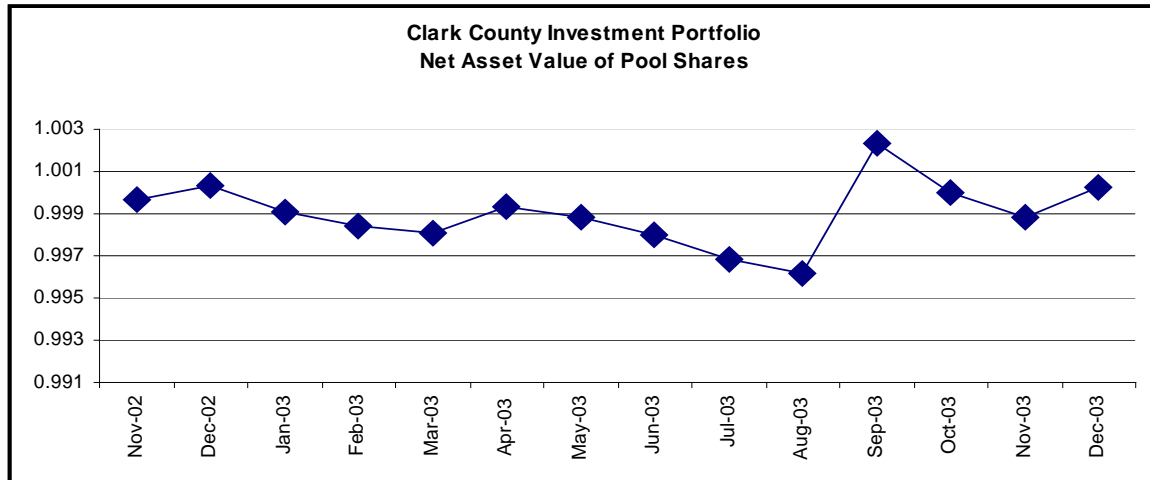


Figure 9

Figure Ten is a breakdown by year reflecting the total unrealized gains/(losses) since 1998. As of December 31, 2003 the County Portfolio has posted approximately \$399,000 in aggregate unrealized gains on a fair market value basis. Unrealized gains of approximately \$138,500 were posted December 31, 2003 and are included in the figure below. Annual unrealized gains/(losses) are the direct result of fluctuating interest rates. Realized gains allocated to pool participants was approximately \$454,000 in 2003 compared to \$141,000 in 2002.

Year	Unrealized gain/(loss)
1998	566,583
1999	(2,563,593)
2000	4,038,403
2001	2,072,065
2002	295,807
2003	(4,010,663)
Cumulative	398,602

Figure 10

Figure Eleven shows the revised projected County Pool interest rates for 2003 compared with actual interest rates. Projected interest rates have been restated beginning in October 2003 due to significant reductions made by the Federal Reserve as well as lower than anticipated residual cash balances.

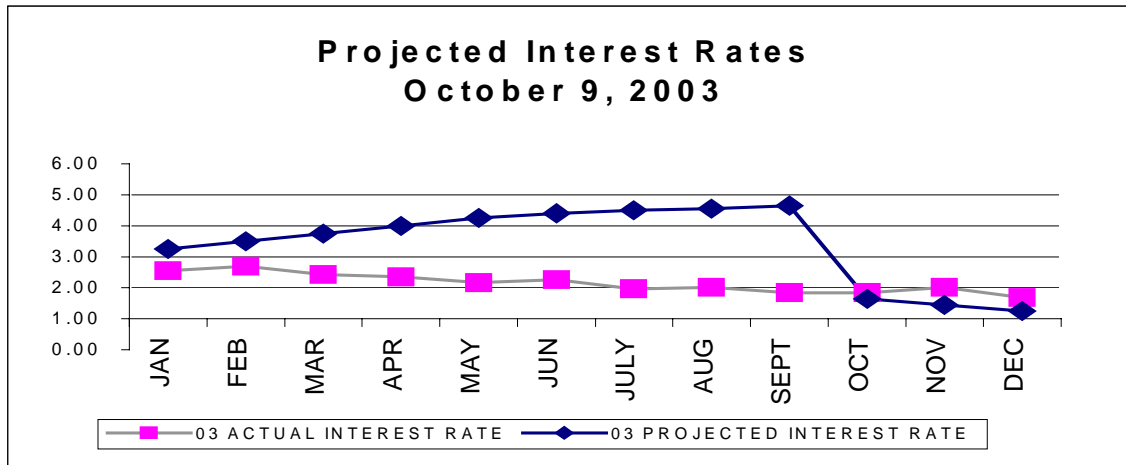


Figure 11

SECTION V - INVESTMENT STRATEGY

The following table shows the percentage distribution of the Clark County Pool maturity periods. As the table indicates, during 2002 emphasis was placed on purchasing securities in the 0 - 1 year maturity sector to target an average maturity of 8 months. During 2003, investments were purchased in the 0 - 1 year sector to target an average maturity of 7-8 months.

Period	0 - 1 year	1 – 2 years	2 - 5 years
1 st quarter, 2002	60%	27%	12%
2 nd quarter, 2002	56%	42%	2%
3 rd quarter, 2002	63%	32%	5%
4 th quarter, 2002	66%	29%	5%
1 st quarter, 2003	71%	22%	7%
2 nd quarter, 2003	79%	7%	14%
3 rd quarter, 2003	76%	10%	14%
4 th quarter, 2003	68%	21%	11%

During the first quarter of 2004, we plan to maintain a weighted average maturity of seven to eight months using a "barbell" structure. We are going to continually monitor our investment strategy to be proactive as economic conditions fluctuate.

The fourth quarter, 2003 report issued by Public Financial Management, Inc. (PFM) recommended the following sector distributions to maintain the Clark County Investment Pool at a 7 to 8-month average maturity.

Investment Sector	Recommended Average Maturity	Current Average Maturity	Recommended % of Portfolio	Current % of Portfolio
US Treasury Notes	6 months – 2.00 years	1.79 Years	10% - 25%	8%
Federal Agency Notes/Disc. Notes	6 months – 2.00 years	1.38 Years	30% - 60%	40%
Municipal Obligations	0 months – 2.00 years	N/A	0% - 5%	0%
Money Markets - State Pool, CP, CD's & BA's	1 – 60 days	1 Day	30% - 60%	51%
Aggregate Avg. Maturity	7-8 months	8.6 months		

During the fourth quarter of 2003, the percentage of US Treasury Notes decreased by 4%; there was a 2% decrease in Federal Agencies and a 5% increase in the money market sector.

SECTION VI - ECONOMIC/MARKET CONDITIONS

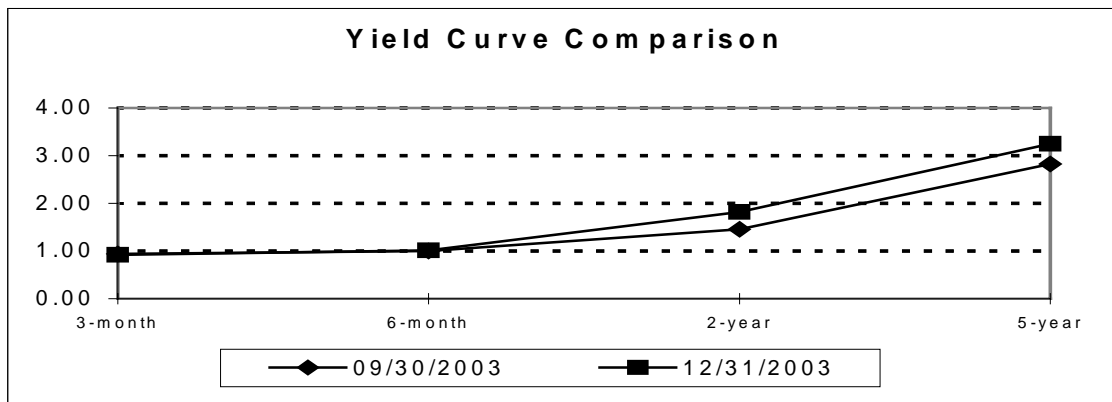
The Federal Reserve held the target interest rate at 1% through December, a 46 year low, stating in January 2004, that they would be “patient” in raising rates because inflation is tame. Meanwhile, the U.S. economy grew at a 4% annual pace for the fourth quarter. For all of 2003, the economy expanded 3.1%, the most since 2000. A 4.4% annual pace is anticipated for the first quarter of 2004. The economy needs to grow 6% in order to see increases in hiring.

The number of unemployed persons was 8.4 million in December and the unemployment rate was 5.7%. Both measures continued to edge down from their recent highs in June 2003, according to the Bureau of Labor Statistics. Manufacturing lost 516,000 jobs in 2003 and has shed 2.8 million jobs since July 2000, the last month it recorded a gain. The Bureau also reports that the CPI for all Urban Consumers decreased 0.1% in December. The December level of 184.3 (1982-84=100) was 1.9% higher than in December 2002.

Consumer spending, which accounts for 70% of the economy, grew at a 2.5% annual pace for the fourth quarter compared to a 6.9% increase in the third quarter. Housing construction rose at a 10.6% annual rate in the fourth quarter as builders broke ground on more homes in December than at any time since February 1984. Lower rates continue to boost the demand for new homes.

Source: Bloomberg News, U.S. Economy Expanded At 4.0% Rate In Fourth Quarter, 1/30/04

On December 31, 2003 the 3-month T-bill yielded 0.917% compared to 0.938% on September 30, 2003. The yield curve begins to shift upward after the 6-month sector.



SECTION VII - PORTFOLIO

Exhibit One shows the make up of the entire portfolio at the end of the fourth quarter of 2003. This exhibit is used to monitor compliance with the Investment Policy as far as the diversification of securities held and the percentage each sector makes up of the total portfolio. All percentages are consistent with the current policy.

Exhibit Two shows the complete portfolio listings as of the end of the year. This report shows the book value, the par value, and the market value of the portfolio as of December 31, 2003.

Exhibit Three shows the liquidity of the entire portfolio. All percentages are consistent with the current policy.

Exhibit Four reflects the percentage of securities purchased from each issuer relative to the entire portfolio. On December 31st, the average maturity was approximately 8.6 months. All the percentages are consistent with the current policy and PFM recommendations.

Exhibit Five shows all investment purchases and maturities from January 1, 2003 through December 31, 2003.

Exhibit Six shows the make up of the Clark County Investment Pool at the end of the fourth quarter of 2003. This exhibit is used to monitor compliance with the Investment Policy as far as the diversification of securities held and related percentage of the total portfolio for each type of security. On December 31, 2003 the average term of the Pool was approximately 8.6 months. All percentages are consistent with the current policy.

Exhibit Seven shows the portfolio listings of the Clark County Investment Pool at the end of the fourth quarter. This report contains the book value, the par value, and the market value as of December 31, 2003.

Exhibit Eight shows the liquidity of the Clark County Investment Pool. All percentages are consistent with the current policy.

Exhibit Nine reflects the percentage of securities purchased from each issuer for the Clark County Investment Pool. All percentages are consistent with the current policy.

Exhibit Ten is a comparison of the Clark County Investment Pool to the Washington State Pool.

Exhibit 1

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
DISTRIBUTION OF INVESTMENTS BY TYPE
DECEMBER 31, 2003**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity	
				360 Equivalent	365 Equivalent
Federal Agencies - Semi-annual	192,456,314.98	40.27%	501	2.436	2.470
Treasury Securities - Coupon	39,806,250.00	8.33%	646	1.944	1.971
Treasury Securities - SLGS	1,399,000.00	0.29%	355	0.986	1.000
Passbook/Money Market Accts	244,302,483.71	51.11%	1	0.526	0.533
Total	477,964,048.69	100.00%	257	1.41	1.43
Accrued Interest at Purchase	46,553.63				
Total Cash and Investments	<u>478,010,602.32</u>				

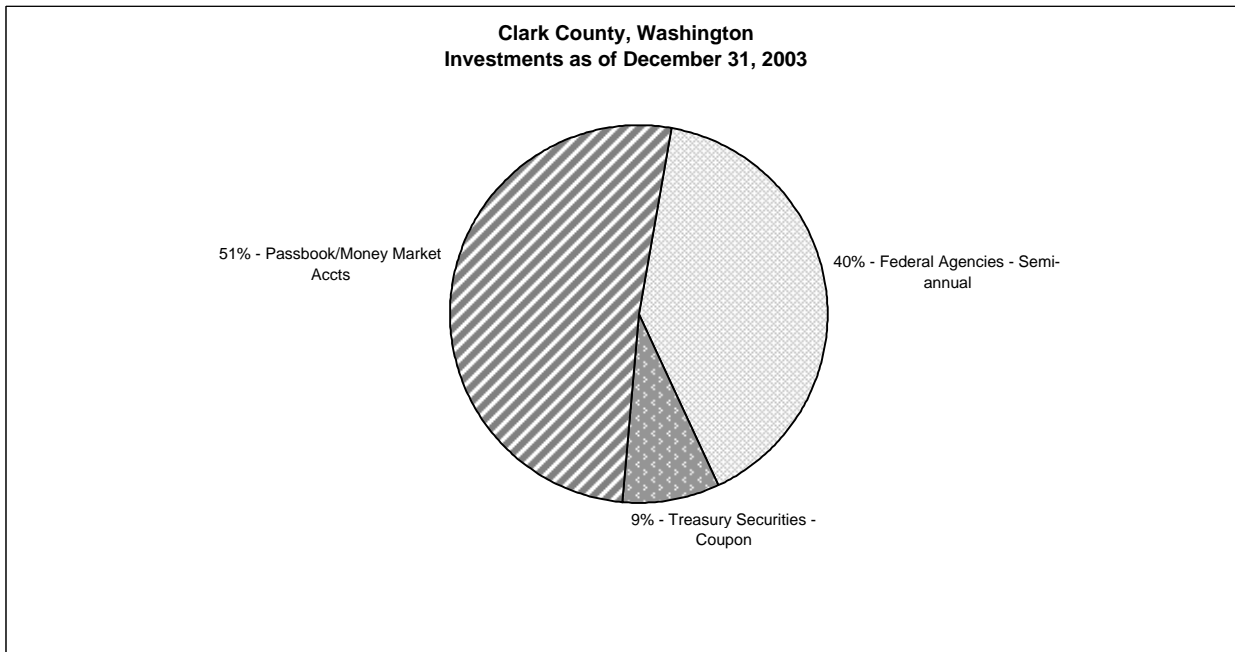


EXHIBIT 2
Clark County, Washington
Investment Portfolio
December 31, 2003

Investment Number		Purchase Date	Cusip Number	Book Value	Par Value	Market Price 12/31/03	Market Value	Cash Gain/(Loss) on Security	Coupon Rate	Yield to Maturity 360 365	Maturity Date	Days to Maturity
Federal Agencies - Semi Annual Coupon												
89982900	Federal Farm Credit Bank	01/25/01	31331H6G7	4,989,900.00	5,000,000.00	99.969	4,998,437.50	8,537.50	5.400	5.398	5.473	01/23/04 22
89982979	Federal Farm Credit Bank	11/25/03	31331TKT7	9,971,490.00	10,000,000.00	100.344	10,034,390.00	62,900.00	2.250	2.363	2.396	11/25/05 694
89982942	Federal Home Loan Bank	03/14/02	3133MEHL8	10,214,000.00	10,000,000.00	101.078	10,107,812.50	(106,187.50)	4.875	3.745	3.797	04/16/04 106
89982943	Federal Home Loan Bank	03/19/02	3133MEHL8	10,190,200.00	10,000,000.00	101.078	10,107,812.50	(82,387.50)	4.875	3.856	3.910	04/16/04 106
89982959	Federal Home Loan Bank	10/23/02	3133MP4B9	10,163,281.25	10,000,000.00	101.000	10,100,000.00	(63,281.25)	3.375	2.318	2.350	06/15/04 166
89982972	Federal Home Loan Bank	08/21/03	3133XOE88	9,926,562.50	10,000,000.00	100.340	10,034,000.00	107,437.50	3.125	3.278	3.324	08/15/07 1322
89982960	Federal Nat'l Mtg Assoc.	10/25/02	31359MNG4	10,126,500.00	10,000,000.00	100.828	10,082,812.50	(43,687.50)	3.000	2.181	2.211	06/15/04 166
89982966	Federal Nat'l Mtg Assoc.	05/21/03	3136f3SH0	10,006,250.00	10,000,000.00	100.141	10,014,062.50	7,812.50	2.050	1.996	2.024	11/21/05 690
89982967	Federal Nat'l Mtg Assoc.	05/27/03	31359MQZ	10,096,200.00	10,000,000.00	99.813	9,981,250.00	(114,950.00)	2.125	1.756	1.780	04/15/06 835
89982947	Federal Home Loan Mtg. Corp.	04/19/02	3134A4PH1	10,030,200.00	10,000,000.00	100.734	10,073,437.50	43,237.50	3.750	3.542	3.591	04/15/04 105
89982961	Federal Home Loan Mtg. Corp.	11/08/02	3134A4EX8	15,729,619.20	15,000,000.00	101.406	15,210,937.50	(518,681.70)	5.000	1.718	1.742	05/15/04 135
89982965	Federal Home Loan Mtg. Corp.	04/24/03	3134A4RA4	10,201,953.13	10,000,000.00	101.750	10,175,000.00	(26,953.13)	2.875	1.978	2.005	09/15/05 623
89982968	Federal Home Loan Mtg. Corp.	06/05/03	3134A4RV8	10,107,700.00	10,000,000.00	100.469	10,046,875.00	(60,825.00)	1.875	1.181	1.197	01/15/05 380
89982969	Federal Home Loan Mtg. Corp.	06/26/03	3128X1LY1	10,000,000.00	10,000,000.00	98.911	9,891,143.00	(108,857.00)	2.300	2.268	2.300	12/26/06 1090
89982970	Federal Home Loan Mtg. Corp.	06/18/03	3128X1KH9	10,011,700.00	10,000,000.00	98.819	9,881,946.00	(129,754.00)	2.250	2.185	2.215	12/18/06 1082
89982974	Federal Home Loan Mtg. Corp.	09/29/03	3134A4RA	10,221,900.00	10,000,000.00	101.750	10,175,000.00	(46,900.00)	2.875	1.695	1.719	09/15/05 623
89982975	Federal Home Loan Mtg. Corp.	09/29/03	3134A4SX	10,073,900.00	10,000,000.00	100.310	10,031,000.00	(42,900.00)	2.375	2.047	2.075	04/15/06 835
89982971	Student Loan Market Assoc.	06/24/03	86387UBJ3	10,140,000.00	10,000,000.00	100.594	10,059,375.00	(80,625.00)	2.000	1.161	1.177	03/15/05 439
89982940	Student Loan Market Assoc.	01/25/02	86387UAW5	10,254,958.90	10,000,000.00	101.094	10,109,375.00	(145,583.90)	4.750	3.506	3.555	04/23/04 113
Subtotal & Averages				192,456,314.98	190,000,000.00		191,114,666.50	(1,341,648.48)		2.436	2.470	501
Treasury Securities - Coupon												
89982973	US Treasury Note	08/28/03	912828BJ8	10,007,812.50	10,000,000.00	100.609	10,060,937.50	53,125.00	2.000	1.932	1.959	08/31/05 608
89982976	US Treasury Note	10/21/03	912828BL34	9,953,906.25	10,000,000.00	99.938	9,993,751.00	39,844.75	1.625	1.841	1.867	09/30/05 638
89982977	US Treasury Note	11/07/03	912828BL34	9,930,468.75	10,000,000.00	99.828	9,982,812.50	52,343.75	1.625	1.957	1.984	10/31/05 669
89982978	US Treasury Note	11/10/03	912828BL34	9,914,062.50	10,000,000.00	99.828	9,982,812.50	68,750.00	1.625	2.043	2.071	10/31/05 669
Subtotal & Averages				39,806,250.00	40,000,000.00		40,020,313.50	214,063.50		1.944	1.971	646
Treasury Securities - SLGS												
89982980	State & Local Govt Series	12/30/03		4,000.00	4,000.00	100.00	4,000.00	0.00	0.250	0.986	1.000	12/22/04 356
89982981	State & Local Govt Series	12/30/03		206,000.00	206,000.00	100.00	206,000.00	0.00	0.250	0.986	1.000	12/21/04 355
89982982	State & Local Govt Series	12/30/03		910,000.00	910,000.00	100.00	910,000.00	0.00	0.250	0.986	1.000	12/20/04 354
89982983	State & Local Govt Series	12/30/03		279,000.00	279,000.00	100.00	279,000.00	0.00	0.250	0.986	1.000	12/23/04 357
Subtotal & Averages				1,399,000.00	1,399,000.00		1,399,000.00	0.00		0.986	1.000	50
Passbook/Money Market Accounts												
0001-3	Registered Warrant Investments			129,261.35	129,261.35		129,261.35		3.000	2.959	3.000	1
1030	Registered Warrant Investments			173.64	173.64		173.64		3.000	2.959	3.000	1
89980002	U.S. Bank - Municipal Investment Account			137,068,626.89	137,068,626.89		137,068,626.89		1.110	1.144	1.160	1
89980001	WA State Local Government Invest. Pool			107,104,421.83	107,104,421.83		107,104,421.83		1.069	1.089	1.104	1
Subtotal & Averages				244,302,483.71	244,302,483.71		244,302,483.71			0.526	0.533	1
Grand Total				477,964,048.69	475,701,483.71		476,836,463.71	(1,127,584.98)		1.696	1.721	257

8.57 months

EXHIBIT 3

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO AGING OF MATURING INVESTMENTS DECEMBER 31, 2003

Days to Maturity	Book Value	% Maturing	Cumulative % Maturing
1	\$244,302,483.71	51.11%	51.11%
2 - 30	4,989,900.00	1.04%	0.00%
91 - 120	40,689,358.90	8.51%	59.63%
121 - 183	36,019,400.45	7.54%	67.16%
184 - 365	1,399,000.00	0.29%	67.45%
366 - 730	100,455,543.13	21.02%	88.47%
731 - 1290	40,181,800.00	8.41%	96.88%
1290- 1460	9,926,562.50	2.08%	98.96%
TOTALS	\$477,964,048.69	100.00%	

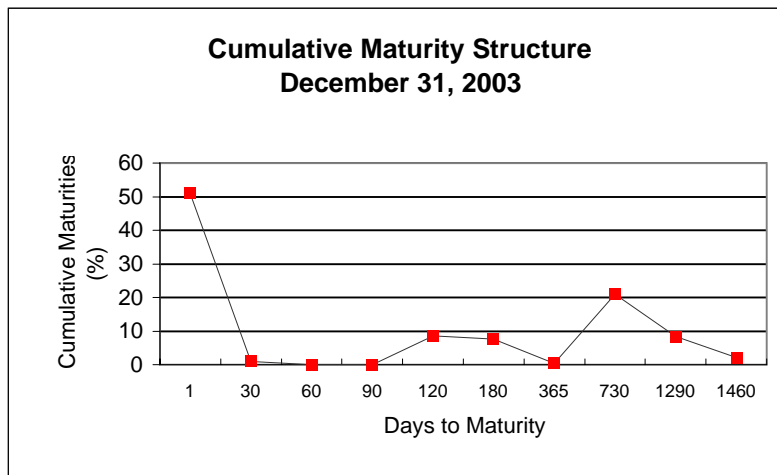
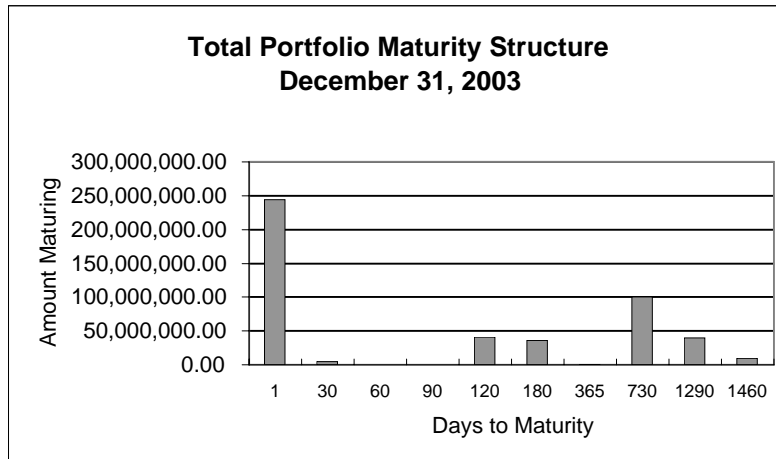


Exhibit 4

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
SUMMARY OF INVESTMENTS BY ISSUER
DECEMBER 31, 2003**

Issuer	Number of Investments	Book Value	% of Portfolio	Avg YTM (365)	Days to Maturity
Federal Farm Credit Bank	2	14,961,390.00	3.13%	3.935	358
Federal Home Loan Bank	4	40,494,043.75	8.47%	3.345	425
Federal National Mtg Association	3	30,228,950.00	6.32%	2.005	564
Federal Home Loan Mtg Corp.	8	86,376,972.33	18.07%	2.106	609
Registered Warrants @ 3.00%	2	129,434.99	0.03%	3.000	1
Student Loan Market Assoc.	2	20,394,958.90	4.27%	2.366	276
State and Local Govt. Series	4	1,399,000.00	0.29%	1.000	355
US Bank - Municipal Investor Account	1	137,068,626.89	28.68%	1.100	1
US Treasury Note	4	39,806,250.00	8.33%	1.970	646
Washington State Pool	1	107,104,421.83	22.41%	1.069	1
TOTALS and AVERAGES	32	\$ 477,964,048.69	100.00%	1.434	257

EXHIBIT 5

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
INVESTMENT ACTIVITY BY TYPE
OCTOBER 1, 2003 - DECEMBER 31, 2003

NUMBER	ISSUER	STATED RATE	DATE	PURCHASES	MATURITIES	BALANCE
FEDERAL AGENCIES - SEMI ANNUAL COUPON						BEGINNING BALANCE: 213,266,128.26
89982979	Federal Farm Credit Bank	2.250	11/25/03	9,971,490.00		223,237,618.26
89982932	Tennessee Valley Authority	5.000	12/18/03		10,425,770.50	212,811,847.76
89982934	Federal Farm Credit Bank	5.150	12/02/03		5,277,675.68	207,534,172.08
89982963	Federal National Mtg Association	2.750	12/16/03		10,061,860.00	197,472,312.08
89982964	Federal Home Loan Mtg Corp.	2.700	12/11/03		5,015,997.10	192,456,314.98
SUBTOTALS and ENDING BALANCE - OCTOBER				0.00	0.00	213,266,128.26
SUBTOTALS and ENDING BALANCE - NOVEMBER				9,971,490.00	0.00	223,237,618.26
SUBTOTALS and ENDING BALANCE - DECEMBER				0.00	30,781,303.28	192,456,314.98
TREASURY SECURITIES - COUPON						BEGINNING BALANCE: 60,168,750.00
89982976	US Treasury Note	1.625	10/21/03	9,953,906.25		70,122,656.25
89982977	US Treasury Note	1.625	11/07/03	9,930,468.75		80,053,125.00
89982978	US Treasury Note	1.625	11/07/03	9,914,062.50		89,967,187.50
89982935	US Treasury Note	4.250	11/17/03		10,353,125.00	79,614,062.50
89982944	US Treasury Note	3.250	11/07/03		9,956,250.00	69,657,812.50
89982945	US Treasury Note	3.250	11/07/03		9,957,031.25	59,700,781.25
89982946	US Treasury Note	3.000	11/10/03		9,904,687.50	49,796,093.75
89982952	US Treasury Note	3.000	11/10/03		9,989,843.75	39,806,250.00
SUBTOTALS and ENDING BALANCE - OCTOBER				9,953,906.25	0.00	70,122,656.25
SUBTOTALS and ENDING BALANCE - NOVEMBER				19,844,531.25	50,160,937.50	39,806,250.00
SUBTOTALS and ENDING BALANCE - DECEMBER				0.00	0.00	39,806,250.00
TREASURY SECURITIES - SLGS						BEGINNING BALANCE: 0.00
89982980	State Local Govt. Series	1.000	12/30/03	4,000.00	0.00	4,000.00
89982981	State Local Govt. Series	1.000	12/30/03	206,000.00	0.00	210,000.00
89982982	State Local Govt. Series	1.000	12/30/03	910,000.00	0.00	1,120,000.00
89982983	State Local Govt. Series	1.000	12/30/03	279,000.00	0.00	1,399,000.00
SUBTOTALS and ENDING BALANCE - OCTOBER				0.00	0.00	0.00
SUBTOTALS and ENDING BALANCE - NOVEMBER				0.00	0.00	0.00
SUBTOTALS and ENDING BALANCE - DECEMBER				1,399,000.00	0.00	1,399,000.00
CLARK COUNTY						BEGINNING BALANCE: 5,630,741.71
OCTOBER	Registered Warrant Invest Acct				2,088,805.84	3,541,935.87
NOVEMBER	Registered Warrant Invest Acct				3,382,879.73	159,056.14
DECEMBER	Registered Warrant Invest Acct				29,621.15	129,434.99
US BANK						BEGINNING BALANCE: 0.00
OCTOBER	Municipal Investor Account			17,119,006.99		137,809,659.02
NOVEMBER	Municipal Investor Account			130,223.41	1,000,012.50	136,939,869.93
DECEMBER	Municipal Investor Account			128,756.96	0.00	137,068,626.89
STATE POOL						BEGINNING BALANCE: 117,818,391.73
OCTOBER	Washington State Pool			73,606,550.16	26,600,000.00	164,824,941.89
NOVEMBER	Washington State Pool			60,772,429.97	47,500,000.00	178,097,371.86
DECEMBER	Washington State Pool			49,007,049.97	120,000,000.00	107,104,421.83
		BEGINNING BALANCE:		PURCHASES	MATURITIES	ENDING BALANCE:
OCTOBER	TOTALS	517,574,663.73		100,679,463.40	28,688,805.84	589,565,321.29
NOVEMBER	TOTALS	589,565,321.29		90,718,674.63	102,043,829.73	578,240,166.19
DECEMBER	TOTALS	578,240,166.19		50,534,806.93	150,810,924.43	477,964,048.69

Exhibit 6

**CLARK COUNTY INVESTMENT POOL
DISTRIBUTION OF INVESTMENTS BY TYPE
DECEMBER 31, 2003**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity	
				360 Equivalent	365 Equivalent
Federal Agencies - Semi-annual	192,456,314.98	40.40%	501	2.436	2.470
Treasury Securities - Coupon	39,806,250.00	8.36%	646	1.944	1.971
Passbook/Money Market Accts	244,173,048.72	51.24%	1	0.524	0.532
Total	<u>476,435,613.70</u>	<u>100.00%</u>	<u>257</u>	<u>1.415</u>	<u>1.435</u>

**Clark County Investment Pool
Investments as of December 31, 2003**

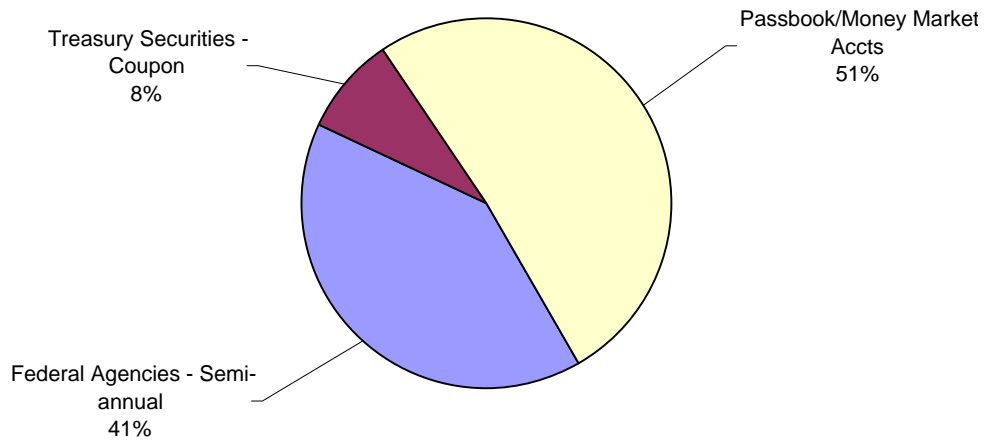


Exhibit 7
Clark County Investment Pool
Investment Portfolio
December 31, 2003

Investment Number	Description	Purchase Date	Cusip Number	Cost at Purchase	Book Value	Par Value	Market Price	Market Value	Cash		Yield to Maturity 360	Yield to Maturity 365	Maturity Date	Days to Maturity
									Gain/(Loss) on Security	Coupon Rate				
Federal Agencies - Semi Annual Coupon														
89982900	Federal Farm Credit Bank	01/25/01	31331H6G7	4,989,900.00	4,999,793.88	5,000,000.00	99.969	4,998,437.50	8,537.50	5.400	5.398	5.473	01/23/04	22
89982979	Federal Farm Credit Bank	11/25/03	31331TKT7	9,971,490.00	9,972,915.50	10,000,000.00	100.344	10,034,390.00	62,900.00	2.250	2.363	2.396	11/25/05	694
89982942	Federal Home Loan Bank	03/14/02	3133MEHL8	10,214,000.00	10,029,880.32	10,000,000.00	101.078	10,107,812.50	(106,187.50)	4.875	3.745	3.797	04/16/04	106
89982943	Federal Home Loan Bank	03/19/02	3133MEHL8	10,190,200.00	10,026,734.94	10,000,000.00	101.078	10,107,812.50	(82,387.50)	4.875	3.856	3.910	04/16/04	106
89982959	Federal Home Loan Bank	10/23/02	3133MP4B9	10,163,281.25	10,045,233.32	10,000,000.00	101.000	10,100,000.00	(63,281.25)	3.375	2.318	2.350	06/15/04	166
89982972	Federal Home Loan Bank	08/21/2003	3133X0E88	9,926,562.50	9,933,220.01	10,000,000.00	100.340	10,034,000.00	107,437.50	3.125	3.278	3.324	08/15/07	1,322
89982960	Federal Nat'l Mtg Assoc.	10/25/02	31359MNG4	10,126,500.00	10,035,162.71	10,000,000.00	100.828	10,082,812.50	(43,687.50)	3.000	2.181	2.211	06/15/04	166
89982966	Federal Nat'l Mtg Assoc.	05/21/03	3136F3SH0	10,006,250.00	10,001,854.14	10,000,000.00	100.141	10,014,062.50	7,812.50	2.050	1.996	2.024	11/21/05	690
89982967	Federal Nat'l Mtg Assoc.	05/27/03	31359MQZ	10,096,200.00	10,076,366.86	10,000,000.00	99.813	9,981,250.00	(114,950.00)	2.125	1.756	1.780	04/15/06	835
89982947	Federal Home Loan Mtg. Corp.	04/19/02	3134A4PH1	10,030,200.00	10,004,386.59	10,000,000.00	100.734	10,073,437.50	43,237.50	3.750	3.542	3.591	04/15/04	105
89982961	Federal Home Loan Mtg. Corp.	11/08/02	3134A4EX8	15,729,619.20	15,178,736.70	15,000,000.00	101.406	15,210,937.50	(518,681.70)	5.000	1.718	1.742	05/15/04	135
89982965	Federal Home Loan Mtg. Corp.	04/24/03	3134A4RA4	10,201,953.13	10,144,017.68	10,000,000.00	101.750	10,175,000.00	(26,953.13)	2.875	1.978	2.005	09/15/05	623
89982968	Federal Home Loan Mtg. Corp.	06/05/03	3134A4RV8	10,107,700.00	10,069,447.93	10,000,000.00	100.469	10,046,875.00	(60,825.00)	1.875	1.181	1.197	01/15/05	380
89982969	Federal Home Loan Mtg. Corp.	06/26/03	3128X1LY1	10,000,000.00	10,000,000.00	10,000,000.00	98.911	9,891,143.00	(108,857.00)	2.300	2.268	2.300	12/26/06	1,090
89982970	Federal Home Loan Mtg. Corp.	06/18/03	3128X1KH9	10,011,700.00	10,004,875.00	10,000,000.00	98.819	9,881,946.00	(129,754.00)	2.250	2.185	2.215	12/18/06	1,082
89982974	Federal Home Loan Mtg. Corp.	09/29/03	3134A4RA4	10,221,900.00	10,192,983.85	10,000,000.00	101.750	10,175,000.00	(46,900.00)	2.875	1.695	1.719	09/15/05	623
89982975	Federal Home Loan Mtg. Corp.	09/29/03	3134A4SX	10,073,900.00	10,066,477.73	10,000,000.00	100.310	10,031,000.00	(42,900.00)	2.375	2.047	2.075	04/15/06	835
89982971	Student Loan Market Assoc.	06/24/03	86387UBJ3	10,140,000.00	10,097,842.19	10,000,000.00	100.594	10,059,375.00	(80,625.00)	2.000	1.161	1.177	03/15/05	439
89982940	Student Loan Market Assoc.	01/25/02	86387UAW5	10,254,958.90	10,035,340.84	10,000,000.00	101.094	10,109,375.00	(145,583.90)	4.750	3.506	3.555	04/23/04	113
Subtotal & Averages				192,456,314.98	190,915,270.19	190,000,000.00		191,114,666.50	(1,341,648.48)		2.436	2.470		501
Treasury Securities - Semi Annual Coupon														
89982973	US Treasury Note	09/02/03	912828BJ8	10,007,812.50	10,006,515.78	10,000,000.00	100.609	10,060,937.50	53,125.00	2.000	1.932	1.959	08/31/05	608
89982976	US Treasury Note	10/21/03	912828BL34	9,953,906.25	9,958,580.55	10,000,000.00	99.938	9,993,751.00	39,844.75	1.625	1.841	1.867	09/30/05	638
89982977	US Treasury Note	11/07/03	912828BN9	9,930,468.75	9,935,750.82	10,000,000.00	99.828	9,982,812.50	52,343.75	1.625	1.957	1.984	10/31/05	669
89982978	US Treasury Note	11/10/03	912828BN9	9,914,062.50	9,920,260.49	10,000,000.00	99.828	9,982,812.50	68,750.00	1.625	2.043	2.071	10/31/05	669
Subtotal & Averages				39,806,250.00	39,821,107.64	40,000,000.00		40,020,313.50	214,063.50		1.944	1.971		646
Passbook/Money Market Accounts														
89980002	U.S. Bank - Municipal Investment Account			137,068,626.89	137,068,626.89	137,068,626.89		137,068,626.89		1.110	1.144	1.160		1
89980001	WA State Local Government Invest. Pool			107,104,421.83	107,104,421.83	107,104,421.83		107,104,421.83		1.070	1.090	1.105		1
Subtotal & Averages				244,173,048.72	244,173,048.72	244,173,048.72		244,173,048.72			0.525	0.532		1
Grand Total				476,435,613.70	474,909,426.55	474,173,048.72		475,308,028.72	(1,127,584.98)		1.415	1.435		257

EXHIBIT 8

CLARK COUNTY INVESTMENT POOL AGING OF MATURING INVESTMENTS DECEMBER 31,2003

Days to Maturity	Book Value	% Maturing	Cumulative % Maturing
1	244,173,048.72	51.25%	51.25%
2 - 30	4,989,900.00	1.05%	52.30%
91 - 120	40,689,358.90	8.54%	60.84%
121 - 183	36,019,400.45	7.56%	68.40%
366 - 730	100,455,543.13	21.09%	89.49%
731 - 1290	40,181,800.00	8.43%	97.92%
1290 - 1460	9,926,562.50	2.08%	100.00%
TOTALS	<u>\$476,435,613.70</u>	<u>100.00%</u>	

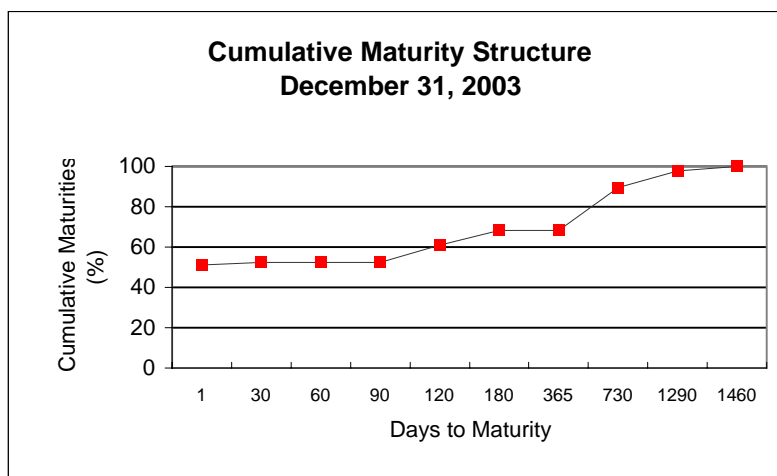
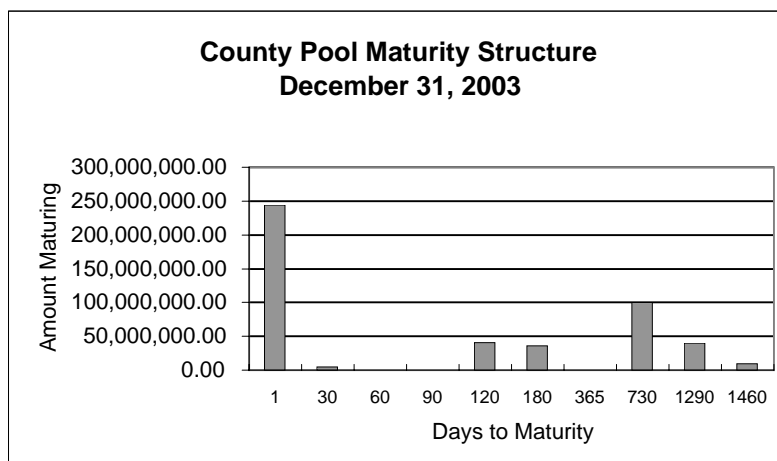


Exhibit 9

**CLARK COUNTY TOTAL INVESTMENT POOL
SUMMARY OF INVESTMENTS BY ISSUER
DECEMBER 31, 2003**

Issuer	Number of Investments	Book Value	% of Portfolio	Avg YTM (365)	Days to Maturity
Federal Farm Credit Bank	2	14,961,390.00	3.14%	3.935	358
Federal Home Loan Bank	4	40,494,043.75	8.50%	3.345	425
Federal National Mtg Association	3	30,228,950.00	6.34%	2.005	564
Federal Home Loan Mtg Corp.	8	86,376,972.33	18.13%	2.106	609
Student Loan Market Assoc.	2	20,394,958.90	4.28%	2.366	276
US Bank - Municipal Investor Account	1	137,068,626.89	28.77%	1.100	1
US Treasury Note	4	39,806,250.00	8.36%	1.970	646
Washington State Pool	1	107,104,421.83	22.48%	1.069	1
TOTALS AND AVERAGES	25	\$ 476,435,613.70	100.00%	1.434	257

Exhibit 10 **County Pool vs. State Pool** **1/88 - 12/03**

Overall, \$17.5 million increased interest income realized from Pooling

